

P-405, 541/CP-91-236 ORDER REQUIRING COST STUDIES AND PROPOSED
RATES

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm
Cynthia A. Kitlinski
Dee Knaak
Norma McKanna

Chair
Commissioner
Commissioner
Commissioner

In the Matter of a Petition for
Extended Area Service From Leota
to Lismore and Chandler

ISSUE DATE: March 18, 1992

DOCKET NO. P-405, 541/CP-91-236

ORDER REQUIRING COST STUDIES AND
PROPOSED RATES

PROCEDURAL HISTORY

On March 27, 1991, subscribers in the Leota exchange filed a petition for extended area service (EAS) from Leota to the Lismore and Chandler exchanges.

On March 28, 1991, the Minnesota Department of Public Service (the Department) requested that Central Telephone Company (Central) provide a study of the traffic from Leota to Chandler.

On April 30, 1991, Central filed the requested traffic study.

On January 17, 1992, the Department asked Central's successor company (Vista Telephone Company or Vista) to file 12 months of traffic for both proposed routes: Leota to Chandler and Leota to Lismore.

On February 10, 1992, Vista filed the requested data for both routes.

On March 10, 1992, the Commission met to consider this matter.

FINDINGS AND CONCLUSIONS

According to the extended area service (EAS) statute, the Commission must grant a petition to install EAS if 1) the petitioning exchange is contiguous to the petitioned exchange or local calling area, 2) at least 50% of the customers in the petitioning exchange make one or more calls per month to the petitioned exchange or local calling area, and 3) a majority of

the customers in the petitioning exchange responding to a poll indicate that they favor its installation. Minn. Stat. § 237.161, subd. 1 (a) (1990).

In processing EAS petitions, the Commission's threshold determinations are whether the petition meets the statute's adjacency and traffic requirements. If so, the Commission sets EAS rates which are then used in polling the subscribers of the petitioning exchange. Finally, if polling shows that there is adequate support among the subscribers, the Commission will order the affected telephone companies to install the EAS.

Adjacency

In this case, it is clear that the petitioning Leota exchange meets the adjacency requirement with respect to the Lismore exchange and the Chandler exchange. The exchange maps on file with the Department show that Leota shares a common border with both of these exchanges.

Traffic Requirement

According to traffic studies filed by Vista, more than 50% of Leota's subscribers make one or more calls per month to the Chandler exchange but fewer than 50% of its subscribers make one or more calls to the Lismore exchange. Accordingly, Leota's petition for EAS to Chandler meets the statute's traffic requirement and will proceed for further consideration by the Commission. The petition for EAS to Lismore, however, having failed to meet the statutory traffic requirement, will be denied.

Cost Studies and Proposed Rates

For the surviving EAS proposed route (Leota to Chandler) the Commission will now proceed to set EAS rates to be used in polling Leota subscribers to determine whether Leota-Chandler will meet the final statutory requirement: adequate subscriber support. The costs of installing the route in question provide the foundation for such rates. In this case, Vista serves both the petitioning exchange (Leota) and the petitioned exchange (Chandler). This Order, therefore, will direct Vista to file a cost study and proposed rates consistent with the quality required in prior EAS cases.

ORDER

1. The petition for extended area service (EAS) from Leota to Lismore is denied.

2. Within 60 days of this Order, Vista Telephone Company (Vista) shall file a cost study and proposed rates for the Leota to Chandler EAS route and serve copies on the Department and the petition sponsor.
3. The cost study and proposed rates filed pursuant to Ordering Paragraph 2 shall be consistent with those filed previous Commission decisions for non-metropolitan area EAS routes.
4. In its rate filing pursuant to Ordering Paragraph 2, Vista shall present two sets of rates: one set that reflects a 75/25% apportionment of costs between the petitioning exchange (Leota) and the petitioned exchange (Chandler) and the other that reflects a 50/50% apportionment of such costs.
5. The Minnesota Department of Public Service (the Department) shall file with the Commission its report and recommendations regarding Vista's cost study and proposed rates within 45 days after Vista files these items and serve copies on Vista and the petition sponsor.
6. In its reports and recommendations filed pursuant to Ordering Paragraph 5, the Department shall set forth the rate changes that would be required by its recommendations both for the schedule that assigns 50% of the costs to the petitioning exchange and for the other schedule that assigns 75% of such costs to the petitioning exchange.
7. Any comments on the Department's reports and recommendations shall be filed within 20 days after the Department's filing.
8. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster
Executive Secretary

(S E A L)